

**Nebraska Income Tax Withholding on Wages,
Pensions and Annuities, and Gambling Winnings
Paid on or after January 1, 2008**

2008
Nebraska Circular EN

This Circular EN replaces the
2007 Circular EN

**The rates, brackets, withholding allowance
value, and withholding tables on wages
that have been in effect since
2007 have been changed for 2008 and
beyond until further notice.**

**See inside front page for special withholding
procedures created by LB 223.**



NOTICE TO EMPLOYERS

Important Changes to 2008 State Income Tax Withholding For Nebraska

Effective April 17, 2008

LB 1004. Special Withholding Procedures passed by the 2008 Legislature have changed the previous “minimum” withholding rate from 3% to 1½%.

Employers using the percentage method tables with a 3% minimum must replace that rate with the new 1½ % rate. Employers should do this as soon as possible.

Employers using the wage bracket tables may continue to use the shaded/nonshaded areas of the withholding tables as a general guide for determining if the special withholding procedures are to be utilized. (See LB 223 below).

All other aspects of the 2008 Circular EN changes remain unaffected. The Department will not be issuing a revised the 2008 Circular EN.

LB 367. As a result of the 2008 state income tax reduction, the state withholding tables were changed on January 1, 2008. Specific changes include:

1. Decreasing withholding rates and broadening withholding brackets;
2. Eliminating the top withholding bracket of 7.18%; and
3. Increasing each withholding allowance from \$1,530 to \$1,700.

LB 223. The withholding tables in this 2008 Nebraska Circular EN (beginning on page 8) represent implementation of the required special withholding procedures. The **non-shaded area** indicates withholding of at least 50% or more of the withholding for a Single employee with one withholding allowance or a Married employee with two allowances. The **shaded area** indicates withholding amounts that do not meet these criteria.

An employer may accept documentation from an employee whose withholding falls into the shaded area to justify the lower withholding percentage. Documentation may include verification of number of children/dependents, marital status, and level of itemized deductions. Without such documentation, the employee’s withholding must be set at 3% (1½%-effective 4/17/2008) or at some other level **within the non-shaded area of the withholding table.**

The **employer** may be subject to a penalty of up to \$1,000 for each employee under withheld if the employee’s low withholding is not substantiated.

An **employee** found to have intentionally evaded the state’s income tax by claiming an excessive number of allowances, or in any other manner overstating the amount of withholding, shall be guilty of a Class II misdemeanor.

Electronic Filing Requirement. Beginning in 2009, an employer or payor who is submitting in total more than 250 W-2s, W-2Gs, 1099-Rs and/or 1099-MISCs for 2008 must file the forms electronically.

For additional information, see the Department of Revenue Web site:

www.revenue.ne.gov

Table of Contents – 2008 Circular EN

Calendar	1
Reminders	1
Instructions:	
Taxpayer Assistance	2
Are You Required to Withhold?.....	2
Withholding Certificate	2
Gambling Winnings.....	2
Pension and Annuity Withholding paid on and after January 1, 2008	2
Exempt Employees	2
Nonresident Employees.....	2
Nonresidents Performing Personal Services	3
Filing and Payment Requirements:	
Quarterly Return	3
Monthly Deposits	3
Annual Filers	3
Annual Reconciliation of Income Tax Withheld	3
Preidentified Return	3
Electronic Payments	3
Magnetic Tape Filing.....	3
Where to File.....	4
Determining Withholding	4
Percentage Method.....	4
Wage Bracket Method.....	4
Bonuses, Supplemental Wages, and Taxable Awards.....	4
Gambling Winnings	4
Pensions and Annuities	4
Withholding from Nonresidents on Payments not Subject to Federal Withholding	5
Nebraska Percentage Method Withholding Tables.....	6
Tables for Wage Bracket Method of Nebraska Income Tax Withholding:	
Single Persons — Weekly	8
Married Persons — Weekly.....	10
Single Persons — Biweekly	12
Married Persons — Biweekly	14
Single Persons — Semimonthly	16
Married Persons — Semimonthly	18
Single Persons — Monthly.....	20
Married Persons — Monthly.....	22
Single Persons — Daily	24
Married Persons — Daily.....	25
Nebraska Withholding Certificate, Form W-4NA	27

